

*Before*

**Asif Iqbal – Director/Head of Department**

*In the matter of*

**Al-Abid Silk Mills Limited**

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Date of Hearing

November 24, 2022

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**Order-Redacted Version**

Order dated December 20, 2022, was passed by Head of Department (Adjudication-I) in the matter of Al-Abid Silk Mills Limited. Relevant details are given hereunder:

Nature	Details
1. Date of Action	Show Cause Notice dated November 04, 2022
2. Name of Company	Al-Abid Silk Mills Limited
3. Name of Individual*	The proceedings were initiated against Board of Directors of the Company
4. Nature of Offence	Under Section 512(2) of the Companies Act, 2017 read with Regulations 6 and 27 of the Listed Companies (Code of Corporate Governance) Regulations, 2019
5. Action Taken	<p>Key findings are given as hereunder:</p> <p>I have gone through the facts of the case in light of the relevant provisions of the Act, the information available on record, and state that it is mandatory for a listed company to have at least two or one third of its members as independent directors as required under Regulations 6 of the CCG Regulations. It is also mandatory to have at least three members on the Audit Committee with at least one independent director and Chairman of the Audit Committee is required to be an independent director, and the Chairman of the Board shall not be the Chairman of the Audit Committee. The Audit Committee is also required to meet at least once every quarter of the financial year. In the instant case, it was observed that the Respondents failed to appoint requisite number of independent directors on its board and failed to establish an Audit Committee of the board. The said violations of Regulation 6 and 27 of the CCG Regulations still persist till date of this order.</p> <p>Keeping in view of the cited defaults, for which penalty is provided in terms of Section 512(2) of the Act, I, hereby in terms of powers conferred under Regulation 37 of the CCG Regulations, impose</p>

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	<p>penalty of <b>Rs. 50,000/- (Rupees fifty thousand only) on Mr. Naseem A. Sattar, CEO</b>. The rest of the Respondents are hereby warned to adhere to compliance with all the applicable regulatory laws including the CCG Regulations.</p> <p>The aforesaid fine must be deposited in the designated bank account maintained with MCB Bank Limited in the name of the Securities and Exchange Commission of Pakistan within thirty days of the date of this order and furnish receipted bank vouchers to the Commission. The fine shall be paid from personal resources. In case of non-deposit of the said penalty, proceedings under law including Section 485 of the Companies Act, 2017 will be initiated for recovery of the same as arrears of land revenue.</p> <p>Nothing in this Order may be deemed to prejudice the operation of any provision of the Regulations/Act providing for imposition of penalties in respect of any default, omission or violation of the Regulations/Act.</p>
6. Penalty Imposed	Rs. 50,000/-
7. Current Status of Order	No appeal was filed.